GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

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National Capital Goods Policy
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government has decided to turn the country into a world class hub for capital goods and if so, the details thereof;
(b) whether the Government has introduced a National Capital Goods policy to spur capital goods sector under Make in India initiative, if so, the salient features of the aforesaid policy;
(c) whether there are some key issues such as availability of finance, raw material, innovation and technology, productivity, quality and environment friendly manufacturing practices, promoting exports and creating domestic demand;
(d) if so, the steps taken by the Union Government to address these key issues;
(e) whether the Government is considering to introduce a Technology Development Fund, upgrading the existing and setting up a new testing and certification facility; and
(f) if so, the details thereof?

Answer

MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI ANANT G. GEETE)

(a) and (b): The Government has launched an integrated capital goods policy for overall redressal of issues, challenges and also to take benefit of 'Make in India' opportunities. The Policy is formulated with the vision to increase the share of capital goods contribution from present 12% to 20|% of total manufacturing activity by 2025. National Capital Goods Policy envisages to strive for boosting the CG sector by providing for an enabling ecosystem for capital goods growth and ensuring sustained incentive for domestic manufacturers to service domestic as well as export market demand

A soft copy of the National Policy on Capital Goods has been uploaded in the Department of Heavy Industry website (www.dhi.nic.in).

(c): The following key issues impacting Indian Capital Goods industry have been identified:

(i) Issues affecting domestic demand creation and expansion which include capacity under utilisation, public procurement policy, import of second hand machinery, zero duty import under project import.

(ii) Issues affecting technology depth which include significant technology gaps, lack of scheme availability, inadequate support infrastructure, inadequate fiscal incentive, need to improve Indian standards.

(iii) Issues affecting cost competitiveness which include cost disabilities due to tax and duty structure, distortions, in duty structure and higher infrastructure and logistics costs.

(iv) Issues related to sub-scale units which include limited ability of MSMEs to develop new products and processes, low awareness of standards and inadequate access to capital.

(d): A Scheme for "enhancement of competitiveness in the Indian Capital Goods Sector" was launched by the Department of Heavy Industry on 5th November, 2014. Key policy recommendations include strengthening this Scheme already containing components like Centre of Excellence for technology development, Common Engineering Facility Centre etc. by increasing its scope and budgetary allocation, launching of a Technology Development Fund, Creation of a 'Start up Center' for Capital Goods Sector, Mandatory Standardization, Upgrading development, testing and certification infrastructure, skill development, providing scheme for increasing enhancement through a cluster approach, to modernize the existing Capital Goods manufacturing units and to create an enabling scheme a pilot for Heavy Industry Export & Market Development Assistance Scheme.

(e) and (f): The policy has recommended launching of a Technology Development Fund under PPP model to fund technology acquisition, transfer of technology, purchase of IPRs, designs & drawings as well as for commercialization of such technologies of capital goods. The Policy also envisages upgradation of testing and certification facilities such as Central Power Research Institute (CPRI) and setting up of 10 more CMTI like institutions to meet the requirements of different sub- sectors of Capital Goods.

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